

Warimpex posts profit of EUR 12.3 million in the first half of 2016

- **Result for the period turns to a positive EUR 12.3 million (1–6 2015: minus EUR 24.9 million)**
- **Increase in revenues from the letting of office properties due to completions in St. Petersburg and Budapest, slight decrease in hotel revenues due to disposals**
- **Financial result improves from minus EUR 3.4 million to plus EUR 3.9 million**
- **Building permits issued for projects in Łódź and Krakow**
- **Letter of intent signed for hotel sale – deal expected to close in the second half of 2016**

Vienna/Warsaw, 30 August 2016 – The positive trend from the first quarter continued for Warimpex Finanz- und Beteiligungs AG. On the one hand, operating activities developed well and had a positive impact on the result for the first half of 2016. On the other, the Russian rouble recovered further in the second quarter, offsetting part of the non-cash foreign currency losses posted in prior periods, and the International Monetary fund slightly upped its projections for economic growth in Russia in 2016 and 2017. We also made pleasing progress in our development activities.

Occupancy at the fully consolidated hotels rose while room rates remained stable. However, the reduction in the number of rooms that resulted from the sale of the two establishments in Ekaterinburg caused revenues from the Hotels segment to decline by 6 per cent to EUR 24.2 million. Including the joint ventures on a proportionate basis, the NOP per available room declined by 6 per cent in part due to the sale of the andel's hotel in Berlin in July 2015 and in part due to the poorer performance of the two hotels in Paris, where the market has contracted following recent events. Revenues from office buildings rose. The completion and letting of the Zeppelin office tower at AIRPORTCITY St. Petersburg and of the Erzsébet office building in Budapest caused a EUR 0.7 million increase in revenues from the rental of office properties to EUR 4 million. This boosted total revenues by 4 per cent to EUR 29 million. The gross income from revenues also improved by 25 per cent to EUR 12.1 million.

EBITDA climbed from EUR 5.9 million to EUR 6.3 million, and EBIT improved from EUR -19.2 million to a positive EUR 10.2 million. This was largely due to measurement gains of EUR 7.9 million in our development projects. Because of non-cash foreign currency gains, the financial result pleasingly turned from a negative EUR 3.4 million to plus EUR 3.9 million. Interest costs decreased substantially from EUR 11.8 million to EUR 6.4 million. In addition to the reduction of loan obligations, this resulted from the arrangement of refinancing under better terms. All in all, this led to a profit of EUR 12.3 million for the period, a marked improvement over the comparison period (1–6 2015: loss of EUR 24.9 million).

Building permits in Łódź and Krakau, hotel sale planned for the second half of the year

In terms of development activities, a construction permit was issued in April for the office project near the andel's hotel in Łódź with roughly 26,000 square metres of space. After the reporting date, the construction permit was issued for the project in Krakow, where an office building owned by Warimpex will be demolished to make way for a new building with around 12,000 square metres of space. Warimpex is also the owner of a development property next to the Chopin Hotel in Krakow, on which an office building with around 26,000 square metres of space is to be built. Planning for this project is under way. In Russia, construction of a multifunctional building with around 450 parking spaces and roughly 6,000 square metres of office and archive space was begun at AIRPORTCITY St. Petersburg at the beginning of the year. The entire building is already completely let out and is to be finished in the middle of 2017.

In terms of transactions, Warimpex sold its 50 % stake in the Parkur Tower office building in Warsaw to its joint venture partner in June. Warimpex also signed a letter of intent for the sale of a hotel to an international investor in May. The deal is expected to close in the second half of the year.

Outlook

Warimpex expects the current positive trend to continue in the second half of 2016. The company intends to move forward with its current development projects in Poland and Russia, and to potentially initiate a further transaction in addition to the announced deal. At the same time, Warimpex is working to further improve the profitability of its hotels, to improve its financing conditions, and to repay or refinance expensive lines of credit. To this end, the company will also place a focus on diversifying its portfolio in terms of markets and assets in future.

Key financial figures for the first half of 2016 at a glance (as at 30 June 2015)

| in EUR '000 | 1-6/2016 | Change | 1-6/2015 |
|---|-------------------|---------------|-------------------|
| Hotels revenues | 24,188 | -6% | 25,777 |
| Investment Properties revenues | 3,983 | 457% | 716 |
| Development and Services revenues | 789 | -46% | 1,453 |
| <i>Total revenues</i> | <i>28,959</i> | <i>4%</i> | <i>27,945</i> |
| Expenses directly attributable to revenues | -16,906 | -8% | -18,308 |
| <i>Gross income from revenues</i> | <i>12,054</i> | <i>25%</i> | <i>9,637</i> |
| Gains or losses from the disposal of properties | 147 | - | -1,408 |
| EBITDA | 6,289 | 7% | 5,905 |
| | | | |
| Depreciation, amortisation, and remeasurement | 3,918 | - | -25,079 |
| EBIT | 10,207 | - | -19,174 |
| Earnings from joint ventures | 61 | - | 2,428 |
| Profit or loss for the period | 12,300 | - | -24,874 |
| | | | |
| Net cash flow from operating activities | 6,382 | 39% | 4,592 |
| | | | |
| Segment information (including joint ventures on a proportionate basis): | | | |
| Hotels revenues | 37,832 | -22% | 48,156 |
| Hotels net operating profit (NOP) | 10,824 | -23% | 14,001 |
| NOP per hotel room | 3,884 | -6% | 4,122 |
| Investment Properties revenues | 4,351 | 299% | 1,091 |
| Investment Properties EBITDA | 3,287 | 531% | 521 |
| Development and Services revenues | 1,075 | -36% | 1,684 |
| Gains or losses from the disposal of properties | 147 | - | -1,408 |
| Development and Services EBITDA | -2,368 | 366% | -509 |
| | | | |
| | 30.06.2016 | Change | 31.12.2015 |
| Gross asset value (GAV) in EUR millions | 344.4 | 1% | 340.8 |
| NNNAV per share in EUR | 1.9 | | 1.8 |